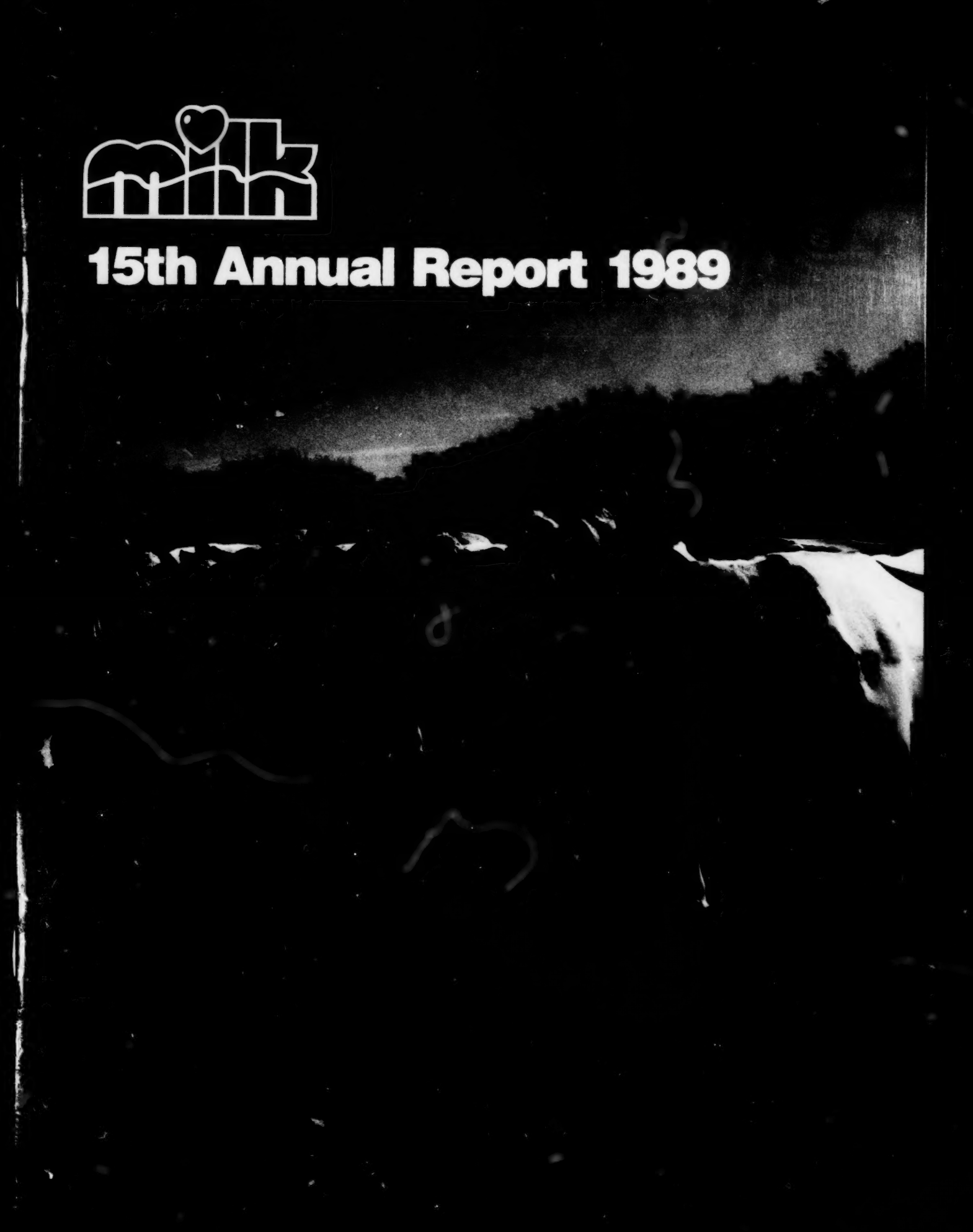
15th Annual Report 1989



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THE MANITOBA MILK PRODUCERS' MARKETING BOARD DISTRICTS

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CHAIRMAN'S REPORT

The last dairy year has been one of the most eventful in the short history of our Board. One of the first initiatives was to re-examine our objectives and set goals by which we can fulfill our mission: to maximize producer incomes in a stable, progressive dairy industry for Manitobans and Canadians. There were many events during this past year which we think enabled us to move towards those objectives. Long-sought amendments to quota transfer policies, the privatization of milk recording and a study undertaken to further rationalize our milk transportation system are all very positive changes for Manitoba milk producers.

Other significant events took place in fluid milk pricing as minimum prices at wholesale and retail level were removed. A complete review of costs of production, as well as costs occurring between the farm gate and the processing plants, was started and is still ongoing as this is being written. The effects of the above initiatives undertaken by the Milk Prices Review Commission still have not been determined. The turning over of milk component testing from the Provincial Government to the industry represented another milestone during the past dairy year. In a move to recognize processor concerns, our Board developed and officially adopted a policy by which milk processors can purchase milk from the Board through a metering system. The dairy year 1988/89 also saw the development and adoption of a policy regarding the establishment of District Milk Committees (DMC).

On the national scene, the period covered by this report saw the official beginning of the free trade pact with the U.S.A. While that agreement did not make any concessions to the U.S. dairy industry, actions taken by the U.S. Government since then cause us a great deal of concern. The GATT negotiations which reached mid-term in December, 1988 and will be completed by late 1990, may have a dramatic impact on the future of our dairy industry. In supporting efforts to liberalize trade internationally in order to ameliorate conditions for other commodities, our Federal Government may find it difficult to meet all their obligations to Canadian milk producers under the long term dairy policy agreement. Of greater concern is the effect of a decision which may come from a GATT panel which was called by the U.S.A. following Canada's decision to add yoghurt and ice cream to the import control list in January, 1988.

While this is going on, there are many national issues which the Federal Minister of Agriculture wants our industry to address. To that end, he has put in place a task force, made up of producers, processors, consumers, as well as representatives from

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the departments of agriculture, finance and trade, whose mandate will be to review every aspect of the Canadian dairy industry with a view, amongst others, to the renewal of the next long term dairy policy to begin in 1991 and also address a number of short term issues. I have been asked to serve on that task force as one of three Canadian milk producers' representatives. It will be a tremendous challenge for all of us to set the direction which will guide our industry to the year 2000 and beyond.

I wish to thank my colleagues on the Board as well as our staff for their good co-operation and efforts on behalf of milk producers during the past year.

To all of you in the industry, be it producers, processors, transporters, as well as all others whom we come in contact with in carrying out our duties, our sincere appreciation and best wishes for the current year. ¶

SCHOOL MILK PROGRAM

GENERAL OVERVIEW

The opportunity that exists for The Manitoba Milk Producers' Marketing Board to promote our product within the Manitoba School System is indeed a privilege.

Our major goal has been to increase the consumption of milk by developing a quality program — one that is fun for the students and contributes to their daily nutrient requirements.

When we develop and maintain a quality program, we benefit in three areas. We gain credibility within the School System, we are able to sustain a high degree of interest in our Program by participating schools, as well as attracting new schools. We establish a "*milk drinking*" habit in tomorrow's consumer.

ELEMENTARY PROGRAM

The draw system that initially started out as a one year pilot project was met with enthusiastic support by participating schools.

The new program takes the least amount of admini-strative time — this aspect proved to be an attractive quality in encouraging new schools to register for our Program. All students can participate. Each time a student purchases milk, brings it to school from home, or consumes milk at home during lunch hour, he or she can fill out a milk ballot. Prize draws are held daily, weekly, or monthly, allowing each school the opportunity to choose a system that works best for their students.

The prizes selected for our 1988-89 School Milk Program proved very popular. Cow erasers still rank high on the list of desirable prizes. Other prizes included clip clocks, wallets, cow pencils and cow rulers, milk carton pencil sharpeners, and beach towels.

The School Milk Program was fortunate to receive Sports Encyclopedias from the Dairy Bureau of Canada. We incorporated these encyclopedias into our Elementary Program by offering them as a registration award to the first 150 schools that signed up. This offer encouraged schools to be prompt in returning their registration form.

This year's Elementary Program featured a special award. Several milk co-ordinators were presented with "*Give the Job to Milk*" desk clocks as a token of our appreciation for the years of hard work and effort they have extended on behalf of the School Milk Program.

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REFRIGERATION DRAW

All schools participating in our Elementary Program look forward to having their name entered in our "Lucky Refrigeration Draw". This year's recipient of our School Milk fridge was Faraday School in Winnipeg.

MILK SPOTTERS PROGRAM FOR JUNIOR/SENIOR HIGH SCHOOLS

Our Milk Spotters Program for Junior /Senior High Schools still maintains a high level of interest. This year's theme was "*Maintain Your Cool*" featuring the Cool Cow.

Milk Spotters were appointed to roam the school during lunch hour randomly spotting students drinking milk. Each student spotted received a *Scratch n' Win* ticket with a one-in-five chance of being an instant winner.

Our Milk Spotters Program has two segments, each segment features a new set of Instant Winner Prizes. This year's prizes included Cool Cow Tyvek jackets, telephone address books, ruler/writers, Cool Cow note pads, sunglasses, and Cool Cow T-shirts.

CONSUMPTION AWARDS & LUCKY DRAWS

The following Elementary Schools won our **1988-89 Consumption Award**:

Prize — Dairy Tasting Party

Winner of *Rural Consumption Contest*: Cartwright School, Cartwright, Manitoba

Winner of *City Consumption Contest*: Riverview School, Winnipeg, Manitoba

Lucky Draw: Ecole Tuxedo Park, Winnipeg, Manitoba

The following Junior/Senior High Schools won Dairy Products for a special school event:

- Winner of *Rural Consumption Contest*: Creighton School, Creighton, Sask. (Milk purchased from Manitoba)
- Winner of *City Consumption Contest*: George McDowell School, Winnipeg, Manitoba
- *Lucky Draw* — $1,000 cash to be used for S.A.F.E. Grad Winner was Dauphin Regional Comprehensive Secondary School, Dauphin, Manitoba
- Lucky Draw for "*Kick-off Dance*": Miles MacDonell Collegiate, Winnipeg, Manitoba

DAY CARE PROGRAM

This year, the Day Care Program took the form of a mystery series that culminated in an art competition.

In March, an announcement was sent to every Provincially licensed Day Care in the Province inviting them to participate in our *"Marvin the Milkman Art Competition"*.

Three creative stories were developed around the theme of *Marvin the Milkman* and the *Great Milk Adventure*. Marvin **mysteriously** disappeared after making a delivery of milk and dairy products to the Hickory Dickory Day Care Centre.

Instructors were asked to read three different stories over three consecutive days. The stars of the story were Marvin the Milkman and Chief Inspector Goodstuff. Each story incorporated nutritional characters from our Nutrition Education resources.

The "good guy" characters, such as Ms. Yogurt, Sarah Strawberry, and Brad Broccoli, confirmed the message that milk and milk products are important in developing and maintaining healthy, growing bodies.

Once the story had been unravelled, Chief Inspector Goodstuff asked the children for assistance in solving the case. The children were asked to draw a picture or design a three dimensional creation of what they thought Marvin the Milkman looked like, based on the clues given in the story.

All creations were forwarded to the School Milk Program where three winners from each age level were selected. Each winner was awarded with a special prize package including a number of milk prizes.

This year's Day Care Program attracted in excess of 3,000 children and each Centre that participated in our Great Milk Adventure had a ballot entered into our Lucky Draw. Two Centres were awarded Dairy Tasting Parties and two Centres were awarded Ice Cream Makers.

All Day Care Centres that participated in our Program received a Milk Carton Craft Book.

Dairy Tasting Parties were awarded to:

- Steinbach Kinsmen Day Nursery, Steinbach, Manitoba
- Chancellor Drive Mini-Skool, Winnipeg, Manitoba
- Ice Cream Makers were awarded to:
  Lac du Bonnet Children's Centre - Lac du Bonnet, Manitoba
- West Broadway Day Care, Winnipeg, Manitoba.

NUTRITION EDUCATION

How is milk promoted via The Manitoba Milk Producers' Marketing Board Nutrition Education program? Who does the message reach?

One of our roles as Milk Board nutritionists is developing (or acquiring from other provincial boards) programs for those whose nutrition opinions influence consumers, such as teachers and health professionals. During our 2 three-hour workshops we have an opportunity to assess participants' attitudes about nutrition and milk products — with some definite benefits:

1. We have time to discover and correct myths about milk, such as "*adults don't need milk*".

2. There is time to answer questions about current topics such as whether calcium pills can replace milk (certainly not!) or how to keep dairy products in low fat eating plans.

3. Workshop participants leave with a positive attitude about nutrition and understand that milk is part of a lifetime of good eating.

Researching potential target audiences to ensure programs are appropriate, then developing the resources can be very costly. We are fortunate that for most of our workshops B.C. Dairy or Ontario Milk Marketing Board have done the required investigation and developed the material with a particular audience in mind. We then, along with several other provincial boards, are in a position to purchase high quality workshop resources.

Changes in lifestyle, food trends and health messages provide a continuing challenge for our nutrition programs. The implementation of the Manitoba Education Health curriculum, the increased importance of geriatric care, nutrition misinformation in popular fitness literature, and the current emphasis on dietary fat reduction are only a few of the issues we deal with regularly. Our workshop repertoire has expanded to meet these needs. Our current target groups include:

1. Educators — day care providers, elementary and secondary school teachers, all graduates from Faculties of Education in the Universities of Brandon and Manitoba.

2. Health Resource People — fitness leaders, home makers and seniors' care providers, coaches, and community health workers in northern Manitoba.

3. Health Professionals — home economists, public health nurses, occupational health nurses, and registered dietitians.

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4. Consumers — pamphlets and information on milk, calcium and osteoporosis are available on request. (All consumer calls are answered promptly at the Milk Board office.)

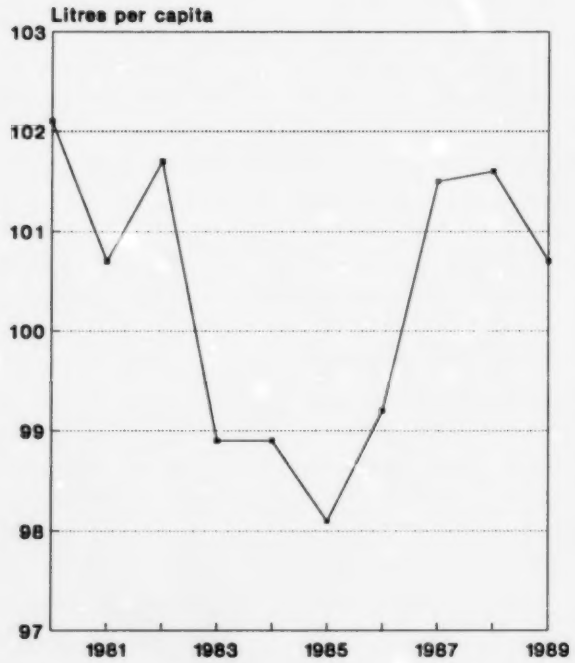
Dorothy Schade, a nutritionist with the Milk Board for the past 12 years, retired in May. Her knowledge and programming skills will be missed.

Marci Elliott, who has worked part time and as a nutrition volunteer with the Home Economics Directorate and as a free lance consultant, has now joined the Board on a part time basis as a nutrition educator. ¶

ADVERTISING & PROMOTION

Over the course of this past fiscal year we have seen the influence of a number of factors which have affected fluid milk sales. Although we have not experienced a major population migration from our province, as Saskatchewan has, we do have a population decline. Along with other economic conditions, including a price increase, we have lost the steady growth in milk sales that we have enjoyed for the past four years. According to our research, Manitoba milk consumption by each age group is better than most provinces and has improved over 1987. The provinces with higher per capita consumption reap the benefits of a high level of tourism. Nationally, milk is holding a strong position at 16% of all beverages consumed, second to coffee at 18%, fruit juices representing 14% and pop and tea both at 10%.

FIGURE 1
MANITOBA PER CAPITA CONSUMPTION OF FLUID MILK
FOR YEARS 1980 TO 1989 (IN LITRES PER CAPITA)



Television

Our present campaign "*Maintain Your Cool*" with a pool of four commercials, purchased from the B. C. Dairy Foundation, began in early 1988 and will be used until June, 1990. We expect to produce a new campaign for the fall of 1990 with the other members of the Fluid Milk Group: P.E.I., Nova Scotia, New Brunswick, and Saskatchewan. Alberta is looking at sharing in this joint venture which could reduce our share considerably from the current 28% of the total.

Research

The effectiveness of our television campaign is tracked each November and May to assess awareness and attitudes of the viewers in the target market. By standardizing the questions, the time of year, the region and other such factors, we are able to compare and contrast the values in each region and over several campaigns. The researchers, having experience in other beverage studies, offer us, as well, a fair evaluation against our competitors.

Canadian Usage Panel (C.U.P.) research on beverage consumption patterns of Canadians has a large data base with 650 samples in Manitoba. Milk drinking habits by Manitobans has improved slightly in all groups, is better than the national average and most other provinces.

The second psychographic and demographic milk consumption studies purchased by all provinces in 1987 and again in 1988 were not renewed this year. We believed that there was sufficient information not to continue. At that time the provinces were considering a major national study on attitude using the C.U.P. samples. This three year study will commence in late 1989 or early 1990. We expect that an in-depth study of this nature will be the foundation for our future marketing plans.

Summer Restaurant Promotions

The "*Maintain Your Cool*" theme became the basis for our radio and outdoor board media campaign from June through August.

This year our summer staff were employed, not as spotters, but as a sales and marketing connection with restaurants in Winnipeg, Brandon and rural Manitoba within 100 km of Winnipeg. Restaurant managers were informed of the profitability in milk and about other findings in our food service research. To this program, we added sales incentives for waitresses and waiters. There were five prize periods and all staff that were winners in each of the time periods were entered in a draw at the end of the summer for "Cool Cash". Serving personnel were excited about the contest and did "suggest" milk as a beverage choice. From our summer end evaluation with each of the restaurants, we will have the resources to plan next year's program which will in-

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clude milk spotting and an entry system at each participating restaurant with all summer milk drinkers eligible for prizes.

Coach of the Year Award

This annual award program which has become part of Super Seminar recognizes excellence in coaching at four levels. Gold watches with the coaching and milk logos etched on the front are presented each year to four outstanding coaches. It comes as no surprise that Mike Riley, Head Coach of the Blue Bombers was presented with the National/Professional award.

Print Campaigns

Print advertising has been tailored to each of the specific markets ranging from *Seniors Today* newspaper to the high school newspaper *Class Act*, as well as the magazines, *Western Living* and *Going Places* (Manitoba Motor League). Also included were programs of the Winnipeg Jets and Blue Bombers along with a broad selection of smaller advertisements in medical journals and sport organization newsletters.

We are working cooperatively with the Manitoba Department of Health in the development of a brochure and advertisements for newspapers on the issue of whole milk for pre-schoolers emphasizing primarily between birth and two years of age. Milk welcomes the endorsement of the Department of Health and the Manitoba Medical Association.

Radio Campaigns

Besides our major summer radio campaign with "*Maintain Your Cool*", we purchased radio during January through March to complement the print advertising. In 1989, a special "hot chocolate milk" campaign composed of three commercials promoting microwaving chocolate milk was developed for the young adult market. We expect to utilize these same commercials in winter, 1990.

Milk's Super Seminar for Coaches

On May 4 and 5 Milk's Super Seminar celebrated the Year of the Coach and once again attracted 500 coaches from the province. This has become the major coaching education program in Manitoba with most high schools recognizing the event as an in-service for teachers.

The Dairy Bureau of Canada committed $15,000 in sponsorship of Super Seminar along with financial support from the Manitoba Sports Federation, the Coaches Association of Manitoba through the Manitoba Sport Directorate, and the Manitoba High Schools Athletic Association. Special thanks go to the Seminar's standing committee from sport for their great contribution in making this event possible.

Manitoba AAA Basketball Championships

We develop a number of programs with the Manitoba High Schools Athletic Association but the Basketball Championships have become a prestige event in high school sport. This tournament is televised, edited, and broadcast on the following day in a two-hour special, complete with interviews with the Board and the presentation of awards at the finals. We expect to become more involved with school sport in the coming year.

Television Cooking Segments

Marilyn Adam has regular cooking segments on CKY-TV and CKND-TV throughout the year. Because most of the recipes involved all dairy products, the Dairy Bureau of Canada provides funds for our involvement in this activity. There are several hundred requests each month for the recipes.

Miss Teen Winnipeg

For the second consecutive year we shared in the sponsorship of Miss Teen Winnipeg with Eaton Place, CKY-TV and the Egg Marketing Board. (This is an important target group for us requiring more attention in the future through other vehicles.) The calcium commercial and appropriate *"Maintain Your Cool"* commercials were utilized during this program.

"Fit Parade" — T.V. Show

A new 30 minute television program on sport, fitness and nutrition is being developed for this fall on CKY-TV and Milk is one of the major sponsors. Our contract includes procuring a 16-20 minute video comprised of the nutrition and health components from the 13-week series for future use by our nutritionists. Should they incorporate a cooking segment in the show Marilyn Adam will be responsible for this portion.

Other Promotional Activities

In cooperation with the Marketing Branch, Manitoba Department of Agriculture, other marketing boards and producer associations, several mall promotions and the Brandon Winter Fair display are held each year. Often radio newspaper and/or television coverage of these events and involvement with such organizations as the Manitoba Heart Foundation further enhanced our efforts.

A variety of promotional items are provided to community groups and special events upon written request. The demand for these materials has grown to such a degree that we must control distribution to a greater extent in the future. However, T-shirts with our logo continue to be walking advertisements for us.

Mrs. Adam, as provincial representative to the Dairy Bureau of Canada, assists in the development of the Bureau's marketing

plan and the implementation and monitoring of their programs locally.

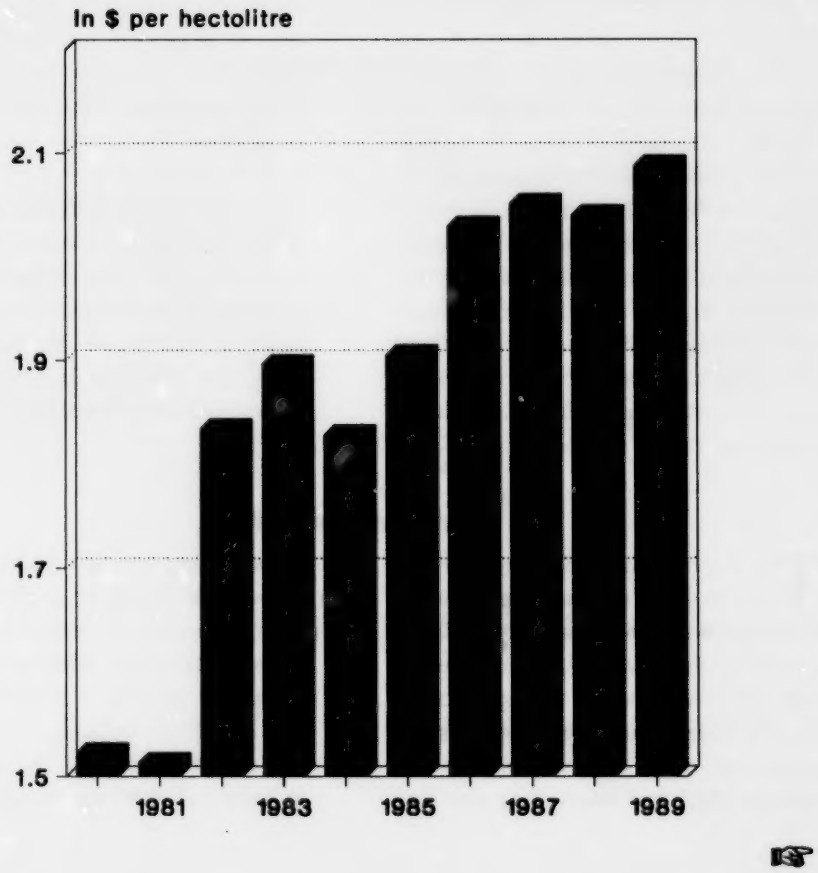
This year we held a *Strawberries N' Cream* media reception to highlight the great combination of Manitoba Strawberries with all the Manitoba creams — whipping cream, ice cream, cream cheese or just cream. It was a classy event for the "dairy berry" people and attracted all local print media people and some radio personalities. We hope to make it an annual event and next year have our television friends there, too. The Dairy Bureau, Prairie Fruit Growers Association, and the Milk Board share in the cost.

The Dairy Bureau booth appeared twice in Manitoba in 1989, at the Brandon Summer Fair and at our restaurant show, Centrex, in October. Sampling of recipes or product varies with the audience. We have D.B.C. recipe cards for both consumers and the food service industry. ¶

TRANSPORTATION

The Board continues to lead its' transportation policies on a progressive course. From the implementation of milk purchases basis plant meters, to comprehensively revising bulk milk transportation, the emphasis is on more efficiency and less producer cost.

FIGURE 2
AVERAGE TRANSPORTATION CHARGES FOR QUOTA YEARS 1980 TO 1989
(IN $ HECTOLITRE)



Currently, one plant in the province is purchasing milk on the basis of their in-plant meter; with other plants possibly beginning to do so in the very near future. With the advent of metered sales, a more determined effort is required regarding farm bulk tank calibration checks.

Transporter Payments

In late 1988 the bulk milk transporters presented the Board with a rate increase request to compensate for increases in items of cost recognized in the Board's Transporter Rate Formula. Their request was reviewed and revised by the Board's transportation consultant and the Transportation Committee before being forwarded to the Board. The Board approved the increase recommended by the Transportation Committee, which increased regular transportation payments to transporters by an average of 2.8%. In effect, this added about 5.5 cents per hectolitre to the cost of transporting bulk milk.

Transportation Costs

Total transportation costs for the year increased by 2.2% while the rate per hectolitre showed a 2.5% increase, due to a decrease in total volume transported of about 0.27%. The number of routes remained the same as last year at 126 while the average route length decreased by 9 km or about 5%. The number of paid diversions increased by 256 or 34.2%, with 166 of these taking place during November, 1988 when one plant shut down for about one week for some renovations.

The Board would again like to extend its appreciation to all bulk milk truck drivers and owners for their efforts on behalf of Manitoba milk producers, with a special note of thanks for their co-operation during the rationalization project and its forthcoming implementation.

Route Rationalization

The Board conducted a very thorough and in-depth analysis of all facets of its transportation structure in late 1988. As a result of this review it was determined that some fundamental changes to the Board's transportation policies were required, in order to accommodate the changes which had taken place over time as well as laying a firm foundation for the future. The Board retained a consulting firm to prepare a computerized route rationalization and scheduling program. There will also be a refined transporter rate calculation implemented in conjunction with this program. The firm retained to carry out this very weighty task was

PDAS Associates, a firm with extensive experience in this type of work in the dairy industry as well as other industries.

The work began in earnest in May, 1989 with detailed surveys of drivers' daily routines being done by bulk milk drivers during a two week period. The Board received good co-operation during this phase from transporters, drivers, and plant personnel. It is hoped that this level of co-operation will continue throughout the project. All producer, plant and transport depot locations were mapped on large scale maps which, in turn, were captured in computerized form in order to be used with a specialized computer routing program called "Truckstops". The gathering, computerization and analysis of all the required data took up the major portion of the summer of 1989. The programming, set up and training of Board staff will be done during late summer and early fall, in conjunction with the "simulation" phase of the project. During this phase the potential benefits and drawbacks of any contemplated changes will be explored by using "what if" situations. Intensive consultations with plants and transporters, as well as producers will take place during the final phases of the project prior to implementation. The late fall target date for implementation of the program in specific milk sheds is expected to achieve much higher degrees of vehicle utilization, transporter efficiency and, most significantly, cost savings.

To realize the maximum potential benefits from full implementation of this program the Board will need to revise some policies affecting producers, transporters and processors. All parties may be assured that all revisions will be done in consultation with those affected, and any required changes would be staged in over time to have minimal disruptive effects on any particular industry stake holder. The Board's main objective in undertaking this project is to provide savings to producers by utilizing advances in technology which are becoming more readily available. ¶

MARKET SHARE QUOTA

For the new dairy year commencing August 1, 1988, it was estimated that Manitoba milk producers could ship 729,455 L per day to utilize 100% of Manitoba's milk Market Share Quota (M.S.Q.).

T.A.P.

320,921	L	fluid
408,534	L	industrial
729,455	L	T.A.P.

Active T.A.P. was rolled forward to all producers effective August 1, 1988. Total T.A.P. issued effective August 1, 1988 was 724,145 L.

The following quota policy was announced effective August 1, 1988 for the 1988/89 dairy year.

1. A 5% cover-off policy guaranteed until November 30, 1988.

2. In-quota levy reduced to $3.00 per HL (formerly $4.00 per HL).

3. The over-quota levy reduced to $26.00 per HL (formerly $28.50 per HL).

Producers were also advised there would be no refunds of over-quota levy made after July 31, 1989.

The 5% cover-off policy guaranteed to November 30, 1988 was subsequently extended to February 28, 1989; reduced to 4% for March, 1989, April, 1989 and cancelled as at May 1, 1989. (There was no cover-off policy in place for May, June and July, 1989).

Manitoba achieved a quota utilization of 100.17% for the 1988-89 dairy year.

T.A.P. base for the new dairy year commencing August 1, 1989 is estimated to be 722,611 litres per day, the sum of which was arrived at as follows:

320,914	L	fluid sales *
401,697	L	industrial †
722,611	L	

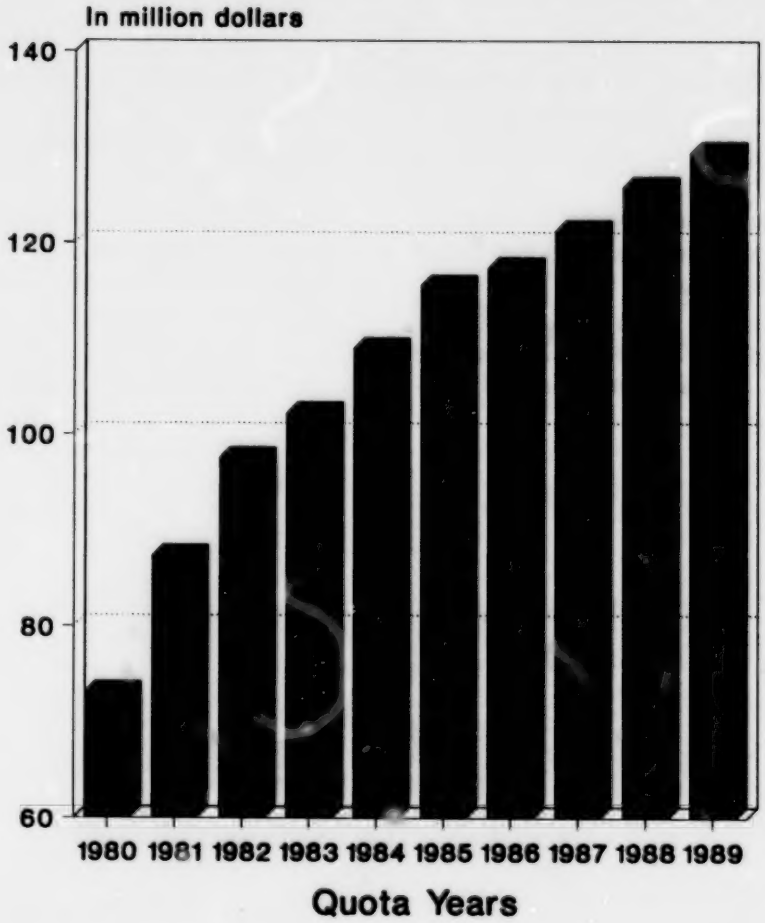
** estimated fluid sales of milk + cream.*
† 5,373,600 kg @ 3.665 kg/HL over 365 days.

A 4% cover-off policy effective August 1, 1989 was guaranteed to November 30, 1989. This puts an additional 9,713 L into the system over a 365 day period (29,060 litres daily for 122 days).

The in-quota levy for the new dairy year is $2.90 per HL (formerly $3.00 per HL). The over-quota levy effective November 1, 1989 is $29.50 per HL (formerly $26.00 per HL).

Results of the 1988/89 quota period expressed in the following graph indicate a total pool revenue of $129,403,916.14, up 3.7% from the previous year.

FIGURE 3
TOTAL POOL REVENUE FOR QUOTA YEARS 1980 TO 1989
(IN MILLION DOLLARS)



MONTHLY QUOTA EXCHANGE

The Board implemented several significant changes to its quota transfer policy system effective March 1, 1989. Highlights of these amendments were as follows:

1. Name Change — The Retirement and Quota Redistribution System will now be referred to as the Monthly Quota Exchange System or "Exchange".

2. The transfer assessment of 50% is reduced to 15%.

3. Sellers will receive a Market Clearing Price rather than a "retirement allowance" for 85% of their cancelled T.A.P.

4. There is no minimum or maximum number of litres for which a Bid to Buy may be submitted.

5. The Monthly Quota Exchange will be open to "new" producers as well as existing producers.

6. Cheques will not be required to accompany a "Bid to Buy" quota form.

7. The maximum allocation of T.A.P. to existing milk producers on the waiting list for additional T.A.P. is reduced from 100 litres to 50 litres per producer.

Please refer to the Milk Marketing Order Schedule A on pages 47-51 of this Annual Report for definitions and regulations.

The first Quota Exchange was "cleared" on March 13, 1989. Results of the March, 1989 to September, 1989 Exchanges are summarized on next page.

Fifty milk producers have ceased production as at September 30, 1989 by selling their T.A.P. on the Monthly Quota Exchange.

ANALYSIS OF QUOTA EXCHANGE PROGRAM
FOR MARCH TO OCTOBER,1989

DESCRIPTION	March	April	May	June	July	Aug.	Sept.	Oct.	TOTAL
EXCHANGE NUMBER	1	2	3	4	5	6	7	8	
LITRES OFFERED FOR SALE	14,625	13,421	12,972	8,054	8,847	5,794	6,502	7,637	77,852
LITRES SOLD	4,947	3,666	5,145	1,744	3,278	1,319	1,530	1,122	22,751
LITRES BID TO BUY	11,625	8,108	5,300	3,201	7,159	3,315	2,829	1,587	43,124
LITRES BOUGHT	4,557	4,838	4,532	1,983	3,189	1,451	1,624	1,066	23,240
NO. OF PRODUCERS OFFERING FOR SALE	43	37	36	21	25	14	16	20	212
NO. OF PRODUCERS SELLING TAP	17	11	14	4	11	4	4	4	69
NO. OF PRODUCERS BIDDING TO BUY	124	93	77	47	70	33	36	22	502
NO. OF PRODUCERS BUYING TAP	50	56	67	36	46	13	27	20	315
ASSESSMENT (L) THIS MONTH 15%	863	639	900	305	573	231	268	196	3,975
FOR EXISTING PRODUCERS WAITING LIST 5%	297	217	308	105	197	79	92	68	1,363
FOR PRODUCERS WITH LESS THAN TAP 5%	283	211	296	100	188	76	88	64	1,306
FOR NEW PRODUCERS WAITING LIST 5%	283	211	296	100	188	76	88	64	1,306
MARKET CLEARING PRICE ($ PER LITRE PER DAY)	275.00	272.00	260.00	227.93	220.01	225.01	219.50	190.00	

REVIEW OF MILK PRODUCTION AND MARKETING

Manitoba milk production for the dairy year ending July 31, 1989 was 275,595,673 L which was a decrease of 749,676 L or 0.3% over the previous dairy year. Manitoba milk producers shipped an average of 22,966,306 L per month. The lowest production on a daily average was 700,909 L in July, 1989 and the highest daily average was 775,821 L in March, 1989. Manitoba milk producers continue to be one of the most level milk producing groups in Canada.

FIGURE 4
MANITOBA MILK PRODUCTION FOR QUOTA YEARS 1980 TO 1989
(in Million Hectolitres)

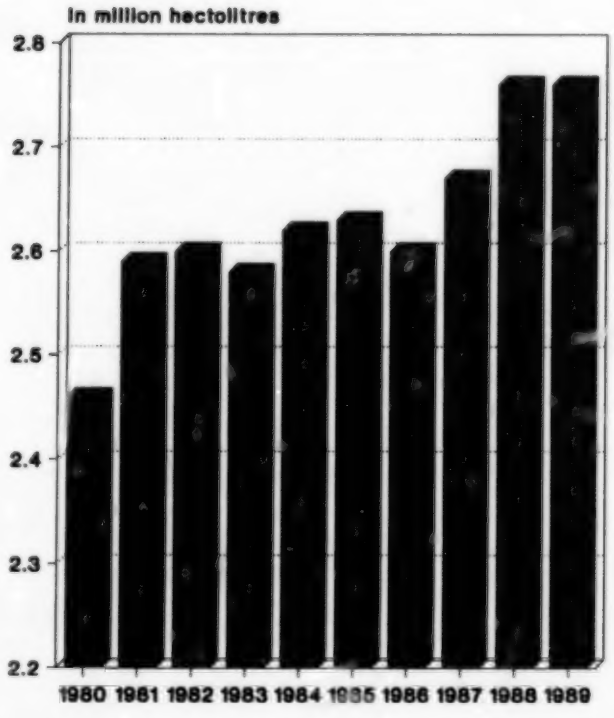
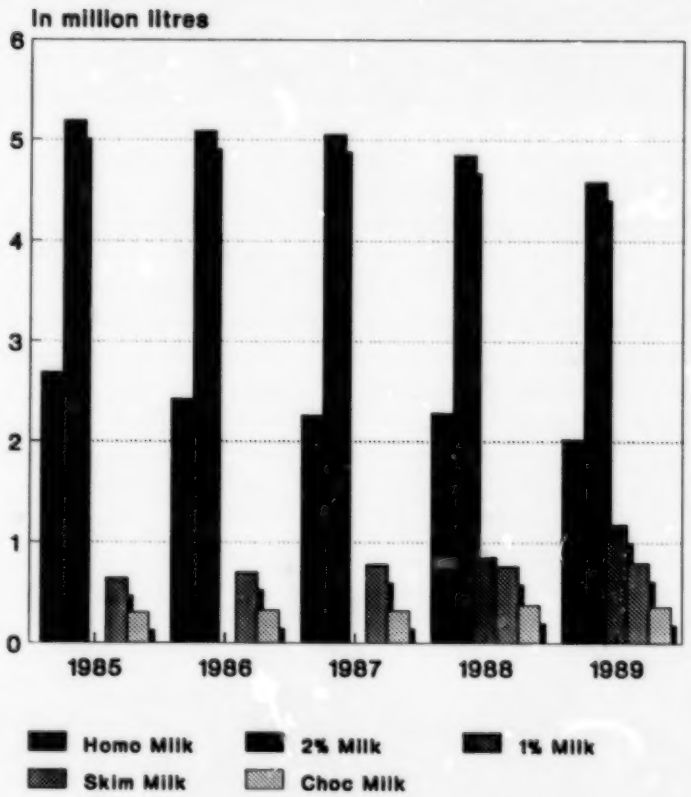


FIGURE 5
MANITOBA CLASS I FLUID MILK SALES FOR DAIRY YEARS 1985 TO 1989
(in Million Litres)



Manitoba's average butterfat test for the twelve month period ending July 31, 1989 was 3.67046 kg/HL.

Canadian markets for most industrial milk products increased slightly in the past year except for butter which was down 4% for a net decrease of 1.3%. Fluid sales were up 0.4% over the previous dairy year.

COST OF PRODUCTION STUDY

The Board has, since 1986, conducted a Cost of Production study with the help of Meyers Norris Penny & Co., a firm of chartered accountants in Brandon.

In 1989, for the first time, Manitoba's Cost of Production data will be used by the Canadian Dairy Commission in the calculation of the target support price for industrial milk for Canada.

In 1989, Cost of Production information is being collected from 72 farms that were randomly selected from the total of 1,025 producers.

Those producers who are co-operating are providing very important financial information which is being used in pricing of industrial milk and it is hoped will soon be used for fluid milk pricing.

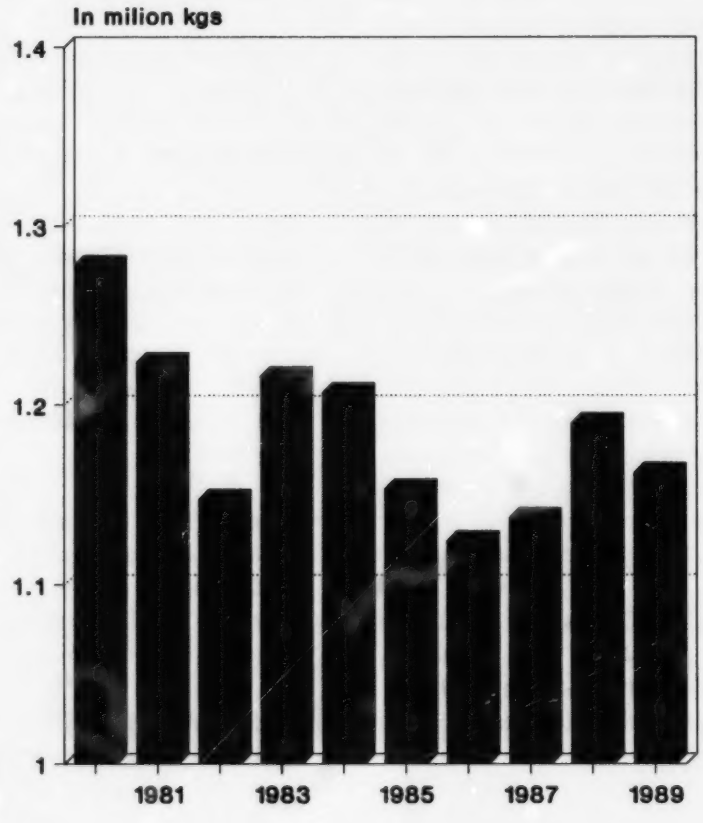
The cost of this study is shared equally by the Manitoba Government, the Canadian Dairy Commission and The Manitoba Milk Producers' Marketing Board.

The Board is very grateful to those producers who contribute their information. Producers make a five year commitment to the data collection. Each year 12-15 producers are rotated off the program.

FARM SEPARATED CREAM PRODUCTION

The "special block" of cream Market Share Quota (M.S.Q.) (1,170,300 kg) remained unchanged for the new dairy year commencing August 1, 1988.

FIGURE 6
MANITOBA CREAM PRODUCTION FOR QUOTA YEARS 1980 TO 1989
(in Million Kilograms)



There was an additional 18,748 kg of cream M.S.Q. issued to producers effective August 1, 1988 (allocations ranged from 50 kg to 100 kg depending on M.S.Q. held.) Allocations were made to 318 cream producers from the existing cream producers waiting list for additional quota.

A small amount of additional cream M.S.Q. was "loaned" to producers prior to year-end.

There was a policy change effective November 1, 1988 stating that all cream quota transfers would be assessed a 15% transfer assessment. (Immediate family and complete farm transfers were excluded).

As of July 31, 1989, 1,198 registered cream producers shipped a total of 1,161,784 kg of butterfat achieving a cream quota utilization of 99.3%.

The "special block" of cream quota was reduced 1.3% effective August 1, 1989 to reflect the national decrease in domestic requirements (from 1,170,300 kg. to 1,155,400 kg).

Producer levies were established as follows:

Effective :

- *Nov. 1/89 — Board administration*: increase from 3.9 cents per kg to 6.5 cents per kg butterfat.
- *Market Expansion* (unchanged) 2.0 cents/kg.
- *Over-quota* (unchanged) $4.00 per kg.

Board staff processed 283 permanent transfers and 452 temporary transfers during the dairy year.

NATIONAL DAIRY POLICY

The National Market Sharing Quota was reduced from 47.3 million HL to 46.7 million HL effective August 1, 1989 (a reduction of 1.3%).

On August 1, 1989, Agriculture Minister Don Mazankowski announced an increase to the target price for industrial milk from $47.06 per HL to $47.45 per HL (an increase of 39 cents per HL).

Support prices for butter and powder were increased as follows:

Butter — $5.167 per kg from $5.102 per kg.

Skim milk powder — $3.046 per kg from $3.013 per kg.

Mr. Mazankowski stated that the new support prices reflect higher prices to producers, adjustments to the butter standard product yield and changes to processor margins. They will also increase processor revenues from industrial milk product sales.

He announced that a national task force has been set up to advise him on dairy matters over the coming months and to identify options for the next long-term dairy policy commencing in 1991.

The Minister of State for Agriculture, Pierre Blais, indicated that for the first time dairy farmers will have the opportunity to closely participate in the planning of a national dairy policy.

"The policy is developed for them, and we believe it is essential that they participate in its elaboration."

The task force will have representatives from the Federal Government, the Canadian Dairy Commission, the Dairy Farmers of Canada, the National Dairy Council and the Consumers Association of Canada. It will be chaired by Ken McKinnon, Vice-Chairman of the Canadian Dairy Commission.

Mr. Mazankowski is also instructing the task force to look at alternative price-setting mechanisms at arm's length from the Government that could be used to balance the interests of producers, processors and consumers. The task force is to report back to the Minister on this issue by the end of January, 1990.

Mr. Louis Balcaen, Chairman of The Manitoba Milk Producers' Marketing Board, is a member of the Task Force representing the dairy farmers of Canada.

BOARD / DISTRICT MEETINGS

During the twelve months ending July 31, 1989, a total of 20 regular meetings of the Board were convened. As a number of the meetings held were of more than one day's duration, in all, a total of 33 days were involved. Many additional days of Members' time were taken up in attendance at meetings of the various committees of the Board and of other organizations with which the Board has an affiliation.

DISTRICT ELECTIONS

Nominations were called during October, 1988 for Board Members to represent Districts No. 2, 5, and 8. In District No. 2, J. van den Ham was re-elected by acclamation. Elections were called in District No. 5 and 8 and in both cases, the incumbent Members, Messrs. A. Goresky and L.Balcaen, were re-elected for another three-year term.

During the year under review Mr. A. V. Rampton, District No. 1 Board Member, for personal reasons, tendered his resignation to the Board. An election was called on April 15, 1989 with nominations to be received by May 10, 1989. There being only one nomination received, Mr. Norman Andrew of Rossburn, Manitoba, was declared elected for the remainder of Mr. Rampton's term in office *i.e.* to December, 1990.

Elections are to be conducted this fall in District No. 3 (Mr. C. Finnie), No. 6 (Mr. N. Van Ryssel), and No. 9 (Mr. Reinhard Dueck).

DISTRICT MEETINGS

Commencing in the early part of March, 1989 a total of 19 meetings were held in the various milk producing areas of the province. In some districts of larger geographic area meetings were held at more than one location, but in any case at least one meeting was convened in each of the 9 districts.

Pursuant to the Administration By-Law 1/87 of the Board, Annual District Meetings were conducted during the period October 1st to 20th, 1989. The Notice of Meeting, which was mailed to all registered producers, is reproduced on the following page.

NOTICE OF ANNUAL DISTRICT MEETINGS 1989

Annual District Meetings of The Manitoba Milk Producers' Marketing Board will be **held at 8:00 P.M.** on the dates listed below:

District 1	Thursday	October 19	ROSSBURN	Rossburn Town Hall
District 2	Monday	October 16	BRANDON	Agricultural Extension Centre
District 3	Wednesday	October 18	PORTAGE LA PRAIRIE	Manitobah Inn Portage Bypass
District 4	Tuesday	October 10	BRUXELLES	Parish Hall
District 5	Thursday	October 5	TEULON	Teulon-Rockwood Centennial Centre
District 6	Thursday	October 12	BEAUSEJOUR	Beausejour Town Office
District 7	Tuesday	October 17	WINKLER	Sr. Citizens Friendship Centre
District 8	Monday	October 9	LA BROQUERIE	Centre de L'amitie 97 Principale Street
District 9	Wednesday	October 11	GRUNTHAL	Green Valley School Library

ELECTIONS FOR BOARD MEMBER will be conducted this year in Districts No. 3, 6 and 9. Official nomination papers are available on request from the Secretary or may be obtained at the time of the meeting in the districts in which an election is to be held.

The following subjects will be discussed plus any that you wish to raise.

1. Introduction
2. Minutes of Previous Meeting
3. Quota Policy
4. Levies
5. Production and Consumption Statistics
6. International Trade
7. Market Expansion
8. Transportation
9. Finance
10. District Milk Committees
11. Other Business

In the event it is inconvenient for you to attend the Annual District Meeting scheduled for your area, you are welcome to attend any other Annual District Meeting.

Dated at Winnipeg in Manitoba this 22nd day of September, 1989.

THE MANITOBA MILK PRODUCERS' MARKETING BOARD
36 Scurfield Blvd.
Winnipeg, Manitoba
R3T 3N5

Pursuant to Section 1 of this Administration By-Law the following nine districts are established composed of the Municipalities hereinafter set out opposite the number of each district

District #1
Alonsa
Archie
Birtle
Blanshard
Boulton
Clanwilliam
Consol
Dauphin
Ellice
Ethelbert
Gilbert Plains
Glenella
Grandview
Harniota
Harrison
Hillsburg
Lawrence
McCreary
Miniota
Minitonas
Minto
Mossey River
Mountain #1
Mountain #2
Ochre River
Odanah
Park 1
Park 2
Rosedale
Rossburn
Russell
Ste. Rose
Saskatchewan
Shellmouth
Shell River
Shoal Lake
Silver Creek
Strathclair
Swan River
The Pas District

District #2
Albert
Arthur
Brenda
Cameron
Cornwallis
Daly
Edward
Elton
Glenwood
Morton
North Cypress
Oakland
Pipestone
Riverside
Sifton
Wallace
Whitehead
Whitewater
Winchester
Woodworth

District #3
Cartier
Grey
Lakeview
Langford
Lansdowne
North Norfolk
Ptge. la Prairie
Westbourne

District #4
Argyle
Dufferin
Lorne
Louise
Pembina
Roblin
South Cypress
South Norfolk
Strathcona
Thompson
Turtle Mountain

District #5
Armstrong
Bifrost
Coldwell
Eriksdale
Fisher
Gimli
Grahamdale #1
Grahamdale #2
Rockwood
St. Laurent
Siglunes
Woodlands

District #6
Alexander
Brokenhead
Lac Du Bonnet
McDonald
Pinawa
Reynolds
Richot
Rosser
St. Andrews
St. Clements
St. Francois Xavier
Springfield
Victoria Beach
Whitemouth
Winnipeg Area

District #7
Frankli n
Montcalm
Morris
Rhineland
Roland
Stanley

District #8
La Broquerie
Piney
Ste. Anne
Stuartburn
Tache

District #9
De Salaberry
Hanover

STANDING ADVISORYCOMMITTEES

Executive: L. Balcaen, C. Finnie, C. J. Knockaert

Cost of Production
L. Balcaen, *Chairman*
Reinhard Dueck
A. E. Ens

Cream Advisory
L. Balcaen, *Chairman*
C. J. Knockaert
N. Van Ryssel
P. Leochko
K. Oswald
M. Wiebe
G. Roch

Dairy Promotion
C. J. Knockaert, *Chairman*
A. Goresky
N. Andrew/A. V. Rampton
J. van den Ham
M. E. Adam
B. L. Fraser
A. J. Gale
P. A. McCarthy Briggs

Finance
C. Finnie, *Chairman*
N. Andrew/A. V. Rampton
J. van den Ham

Multiple Component Pricing
L. Balcaen
Reinhard Dueck
N. Van Ryssel

Processor Relations
L. Balcaen
A. E. Ens
C. Finnie

Transportation
L. Balcaen, *Chairman*
A. E. Ens
C. Finnie
A. Goresky
J. Mourant
G. Tetrault
K. Goddard

Canadian Milk Recording
N. Van Ryssel

Canadian Milk Supply Management
L. Balcaen
C. Finnie
W.J.S. Wade

Dairy Bureau of Canada
C.J. Knockaert, *Director*

Dairy Farmers of Canada
L. Balcaen, *Director*
N. Van Ryssel, *Director*

Keystone Agricultural Producers
J. van den Ham

Manitoba Agricultural Employment Development
C. Finnie

Manitoba Milk Recording
L. Balcaen
Reinhard Dueck
N. Van Ryssel

MANITOBA MILK POOL RESULTS

MANITOBA MILK POOL RESULTS
August 1988 to July 1989
Total Manitoba Production — 275,595,673 Litres

Basis — 3.6 KG/HL

	Litres each Class	Value per HL	Net Pool Revenue
Class 1	109,164,576	$ 56.10	
Class2	7,658,694	45.32	
Class 2A	12,010,639	44.61	
Class 2B	6,581,121	44.40	
Class 3	42,040,690	40.50	
Class 3A	26,812,974	41.00	
Class 4	9,027,851	42.01	
Class 5	40,535,810	40.62	
Class 6	232,608	40.49	
Class 7	(239,186)	40.51	
Unsaleable	65,317	40.49	
Meter Shrinkage	82,809		
Production within D.E.		$ 47.76014	
Less Diversion Costs		0.05115	
Pool Administration		0.15155	
MFC Laboratory Charge		0.06781	
Meter Shrinkage		(0.00223)	
Price/HL within D.E.	253,973,903	$ 47.52312	$ 120,696,317.49
Production over D.E.	1,573,419	40.26016	633,460.98
Production over T.A.P.	19,956,637	40.27377	8,037,202.15
Institutional	91,714	40.27250	36,935.52
Total Pool	275,595,673	$ 46.95426	$ 129,403,916.14
Total Pool 1987/88	276,651,907	$ 45.11071	$ 124,799,630.82

FLUID AND INDUSTRIAL UTILIZATION SUMMARY

Manitoba Production Within 100% of T.A.P.		255,639,036	100.0000%
Less litres ineligible for Subsidy:			
Class I Sales	109,164,576		
Add 6.6% for creams	7,204,863	116,369,439	45.5210%
Balance used for manufactured products (eligible for subsidy)		139,269,597	54.4790%
Over/T.A.P. Production		19,956,637	

Average butterfat content 3.67046 kg/HL in Manitoba Production.

PRICES PAID BY PROCESSORS FOR EACH CLASS OF UTILIZATION
(Dollars per hectolitre)

	June 1988	September 1988	June 1989	September 1989
Class 1	51.90	54.11	57.31	57.31
Class 2	45.31	45.31	45.38	45.77
Class 2A	44.60	44.60	44.67	45.06
Class 2B	44.38	44.38	44.45	44.84
Class 3	40.49	40.49	40.56	40.56
Class 3A	40.85	40.85	41.17	41.17
Class 4	41.53	41.53	42.21	42.21
Class 5	40.61	40.61	40.68	41.07
Class 6	40.49	40.49	40.56	40.56
Class 7	40.49	40.49	40.56	40.56

FEDERAL SUPPORT PRICES & SUBSIDIES

FEDERAL DAIRY PRODUCT SUPPORT PRICES
1983 - 1989
(Dollars per kilogram)

	Skim Milk Powder	Butter	Cheddar Cheese
August 1, 1983	2.72	4.55	1.32
January 1, 1984	2.74	4.60	1.32
April 1, 1984	2.79	4.71	1.32
August 1, 1984	2.85	4.784	1.32
August 16, 1985	2.922	4.929	1.32
August 1, 1986	2.978	5.035	1.32
February 1, 1988	3.013	5.102	1.32
August 1, 1989	3.046	5.167	1.32

FEDERAL SUBSIDIES PAYABLE ON
INDUSTRIAL MILK DELIVERIES WITHIN M.S.Q.
(Dollars per unit)

	Milk HL	Butterfat kg
August 1, 1983	6.03	1.675
August 1, 1984	6.03	1.675
August 1, 1985	6.03	1.675
August 1, 1986	6.03	1.675
August 1, 1987	6.03	1.675
August 1, 1988	6.03	1.675
August 1, 1989	6.03	1.675

AUDITORS' REPORT

MAY & EILER
CHARTERED ACCOUNTANTS
WINNIPEG AND ALTONA
MANITOBA

W. C. MAY, C.A.
L. K. EILER, B.A., C.A.

To the Registered Producers of The Manitoba
Milk Producers' Marketing Board:

We have examined the consolidated statement of financial position of The Manitoba Milk Producers' Marketing Board as at July 31, 1989 and statements of operations of milk pool, administrative, transportation, quota exchange, market expansion and northern allowance funds and MFC Testing and Research, Inc. and consolidated statement of changes in cash position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the Board as at July 31, 1989 and the results of its operations and the changes in its cash position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

May + Eiler

Chartered Accountants

Winnipeg, Manitoba
September 20, 1989.

STATEMENT OF FINANCIAL POSITION

Exhibit A
The Manitoba Milk Producers' Marketing Board
Consolidated Statement of Financial Position
As at July 31,1989

	1989	1988
CURRENT ASSETS:		
Cash	$ 1,952,258	$ 3,754,254
Accounts receivable	10,568,893	10,376,665
Prepaid expenses	84,404	133,575
Total current assets	12,605,555	14,264,494
CURRENT LIABILITIES:		
Producer cheques - unissued	9,099,629	8,779,102
Accounts payable and accrued liabilities	4,036,154	4,968,228
Total current liabilities	13,135,783	13,747,330
WORKING CAPITAL (deficiency)	(530,228)	517,164
PROPERTY, BUILDING AND EQUIPMENT:		
at cost	1,578,419	1,243,093
Less accumulated depreciation	286,006	248,022
Net property, building and equipment	1,292,413	995,071
REGISTERED PRODUCERS' EQUITY AND CAPITAL EMPLOYED	$ 762,185	$ 1,512,235
Represented by retained income (deficit) in following:		
Board funds —		
Milk Pool Administration (Ex. C)	$ 1,612,991	$ 2,049,079
Board General (Ex. C)	(650,720)	(570,200)
Market Sharing Plan (Ex. C)	(81,191)	(67,232)
Transportation (Ex. D)	—	—
Quota Exchange (Ex. E)	115,395	64,361
Market Expansion (Ex. F)	—	—
Northern Allowance (Ex. G)	41,747	36,227
	1,038,222	1,512,235
Subsidiary Company —		
MFC Testing and Research, Inc. (Ex. H)	(276,037)	—
	$ 762,185	$ 1,512,235

Approved by the Members

Louis Balcaen

Craig Finnie

STATEMENT OF MILK POOL FUND OPERATIONS

Exhibit B
The Manitoba Milk Producers' Marketing Board
Statement of Milk Pool Fund Operations
For the Year Ended July 31, 1989

	1989	1988
INCOME:		
Milk sold to processors	$ 131,202,458	$ 125,751,131
Total income	131,202,458	125,751,131
DISTRIBUTION:		
Payments to producers:		
Net payments to producers	115,146,368	107,827,121
Deductions for Board controlled funds -		
Milk Pool Administration (Ex. C)	417,801	386,883
Board General (Ex. C)	562,216	552,458
Market Sharing Plan (Ex. C)	222,918	223,510
Market Expansion (Ex. F)	1,700,040	1,574,006
Transportation (Ex. D)	5,754,164	5,636,174
Northern Allowance (Ex. G)	75,513	75,719
Deductions determined by others:		
Canadian Dairy Commission	7,183,454	9,326,169
Manitoba Milk Recording Corporation	19,754	—
Other deductions:		
Quality penalty levy (Ex. C)	27,930	26,040
MFC Testing and Research Inc. (Ex. H)	92,300	—
Total distribution to producers	131,202,458	125,628,080
Payments to other marketing boards:		
Ontario Milk Marketing Board	—	122,027
Deductions for Board controlled funds:		
Milk Pool Administration (Ex. C)	—	429
Board General (Ex. C)	—	595
Total distribution to others	—	123,051
Total distribution	131,202,458	125,751,131
UNDISTRIBUTED INCOME FOR THE YEAR	—	—
UNDISTRIBUTED INCOME AT BEGINNING AND END OF THE YEAR	$ —	$ —
VOLUME OF MILK (in thousand litres)	275,596	276,652

STATEMENT OF ADMINISTRATIVE FUNDS OPERATIONS

Exhibit C
The Manitoba Milk Producers' Marketing Board
Statement of Administrative Funds Operations
For the Year Ended July 31, 1989

	Milk Pool Administration	Board General	Market Sharing Plan	Total 1989	Total 1988
INCOME:					
Deductions (Ex. B)					
Milk producers	$ 417,801	$ 562,216	$ 222,918	$ 1,202,935	$ 1,163,875
Quality penalties	27,930	—	—	27,930	26,040
Cream producers	—	—	45,310	45,310	46,415
Interest	22,232	—	—	22,232	—
Other	—	2,393	—	2,393	17,712
	467,963	564,609	268,228	1,300,800	1,254,042
EXPENSE:					
Annual meetings	—	17,444	—	17,444	17,595
Communication	28,960	19,615	18,391	66,966	46,523
Data processing	7,404	—	4,780	12,184	17,172
Depreciation	18,322	4,469	9,831	32,622	27,204
Members' per diem and travel (Note 4)	—	214,693	15,851	230,544	234,258
Memberships	—	35,118	—	35,118	30,236
New market incentive.	—	—	—	—	21,946
Office occupancy	38,811	9,518	20,792	69,121	64,328
Office supplies	35,123	6,694	10,967	52,784	38,887
Professional fees	13,390	346,043	8,277	367,710	295,343
Grants	—	30,663	—	30,663	19,406
Salaries and benefits	313,710	53,479	173,415	540,604	541,716
Staff travel	7,161	8,780	9,063	25,004	41,435
Other	16,202	11,606	10,820	38,628	24,107
Recovered (Note 1C)	—	(112,993)	—	(112,993)	—
	479,083	645,129	282,187	1,406,399	1,420,156
(LOSS) FOR THE YEAR	(11,120)	(80,520)	(13,959)	(105,599)	(166,114)
PAYMENT TO RETIRED PRODUCERS (Note 6)	(490,265)	—	—	(490,265)	—
APPROPRIATION (TO) FROM OTHER FUNDS	65,297	—	—	65,297	318,223
RETAINED INCOME (DEFICIT) AT BEGINNING OF THE YEAR	2,049,079	(570,200)	(67,232)	1,411,647	1,259,538
RETAINED INCOME (DEFICIT) AT END OF THE YEAR	$ 1,612,991	$ (650,720)	$ (81,191)	$ 881,080	$ 1,411,647

STATEMENT OF TRANSPORTATION FUND OPERATIONS

Exhibit D
The Manitoba Milk Producers' Marketing Board
Statement of Transportation Fund Operations
For the Year Ended July 31, 1989

	1989	1988
INCOME:		
Producer deductions (Ex. B)	$ 5,754,164	$ 5,636,174
EXPENSE:		
Transporter payments:		
Assigned plant deliveries	5,604,305	5,521,622
Diversions	140,801	104,166
Extra pick-up	5,008	4,986
Professional fees	4,050	5,400
	5,754,164	5,636,174
NET INCOME (LOSS) FOR THE YEAR	—	—
RETAINED INCOME AT BEGINNING OF THE YEAR	—	248,168
APPROPRIATION TO MILK POOL ADMINISTRATION FUND	—	(248,168)
RETAINED INCOME AT END OF THE YEAR	$ —	$ —

STATEMENT OF QUOTA EXCHANGE FUND OPERATIONS

Exhibit E
The Manitoba Milk Producers' Marketing Board
Statement of Quota Exchange Fund Operations
For the Year Ended July 31, 1989

	1989	1988
INCOME:		
Administration fees on quota reallocated	$ 4,200	$ 260,844
Quota sales to successful buyers	4,901,028	—
Interest earned	782	—
	4,906,010	260,844
EXPENSE:		
Quota purchases from successful sellers	4,854,976	227,008
NET INCOME FOR THE YEAR	51,034	33,836
RETAINED INCOME AT BEGINNING OF THE YEAR	64,361	30,525
RETAINED INCOME AT END OF THE YEAR	$ 115,395	$ 64,361

STATEMENT OF MARKET EXPANSION FUND OPERATIONS

Exhibit F
The Manitoba Milk Producers' Marketing Board
Statement of Market Expansion Fund Operations
For the Year Ended July 31, 1989

	1989	1988
INCOME:		
Producer deductions — (Ex. B)	$ 1,700,040	$ 1,574,006
— Cream	23,236	23,801
Interest income	472,873	487,993
	2,196,149	2,085,800
EXPENSE:		
Media advertising —		
National - Dairy Bureau of Canada	1,352,791	1,283,745
Provincial	202,654	171,420
Depreciation	12,066	10,062
Members' per diem and travel (Note 4)	5,978	4,068
Occupancy	25,672	23,487
Postage and telecommunication	24,940	19,208
Special event sponsorship	57,520	31,480
Promotional materials	178,239	177,852
Salaries and benefits	201,387	209,295
Staff travel	21,957	24,517
Other	47,648	60,611
	2,130,852	2,015,745
NET INCOME FOR THE YEAR	65,297	70,055
APPROPRIATION (TO) FROM MILK POOL ADMINISTRATION FUND	(65,297)	(70,055)
RETAINED INCOME AT BEGINNING OF THE YEAR	—	—
RETAINED INCOME AT END OF THE YEAR	$ —	$ —

STATEMENT OF NORTHERN ALLOWANCE FUND OPERATIONS

Exhibit G
The Manitoba Milk Producers' Marketing Board
Statement of Northern Allowance Fund Operations
For the Year Ended July 31, 1989

	1989	1988
INCOME:		
Producer deductions (Ex. B)	$ 75,513	$ 75,719
EXPENSE:		
Payments to northern producers	69,993	69,309
NET INCOME FOR THE YEAR	5,520	6,410
RETAINED INCOME AT BEGINNING OF THE YEAR	36,227	29,817
RETAINED INCOME AT END OF THE YEAR	$ 41,747	$ 36,227

STATEMENT OF MFC TESTING & RESEARCH INC. OPERATIONS

Exhibit H
The Manitoba Milk Producers' Marketing Board
Statement of MFC Testing and Research Inc. Operations
For the Year Ended July 31, 1989

		1989
INCOME:		
Component testing fees —		
Producer deductions (Ex. B)	$	92,300
Processor collections		97,652
Other		41,534
		231,486
Less paid to other testing laboratories		63,335
		168,151
EXPENSE:		
Board per diems and travel (Note 4)		3,875
Courier service		5,735
Data processing		3,518
Depreciation		40,591
Insurance and maintenance contracts		4,999
Interest		77,223
Laboratory supplies		45,084
Management fee		15,000
Occupancy		20,770
Office supplies		7,384
Other		2,345
Professional fees		121,426
Salaries and benefits		118,151
Travel		2,087
		468,188
Less government assistance (transitional costs)		24,000
		444,188
(LOSS) FOR THE YEAR AND (DEFICIT) AT END OF THE YEAR	$	(276,037)

STATEMENT OF CHANGES IN CASH POSITION

Exhibit I
The Manitoba Milk Producers' Marketing Board
Consolidated Statement of Changes in Cash Position
For the Year Ended July 31, 1989

	1989	1988
OPERATING ACTIVITIES:		
(Loss) net income of funds —		
Administrative funds (Ex. C)	$ (105,598)	$ (166,114)
Transportation fund (Ex. D)	—	—
Quota exchange fund (Ex. E)	51,034	33,836
Market expansion (Ex. F)	65,297	70,055
Northern Allowance fund (Ex. G)	5,520	6,410
Milk Pool Fund (Ex. B)	—	—
	16,253	(55,813)
(Loss) of subsidiary —		
MFC Testing and Research Inc.	(276,037)	—
	(259,784)	(55,813)
Non-cash items included in above Depreciation	85,279	37,265
	(174,505)	(18,548)
INVESTING ACTIVITIES:		
Purchase of property, building, and equipment	(382,622)	(955,072)
	(382,622)	(955,072)
FINANCING ACTIVITIES:		
Payment to retired producers	(490,265)	—
	(490,265)	—
INCREASE (DECREASE) IN WORKING CAPITAL POSITION FOR THE YEAR	(1,047,392)	(973,620)
CASH PROVIDED BY (USED IN) OPERATION OF NON-CASH WORKING CAPITAL COMPONENTS	(754,604)	(142,105)
INCREASE (DECREASE) IN CASH POSITION FOR THE YEAR	(1,801,996)	(1,115,725)
CASH POSITION AT BEGINNING OF THE YEAR	3,754,254	4,869,979
CASH POSITION AT END OF THE YEAR	$ 1,952,258	$ 3,754,254

( ) *denotes use of cash*

NOTES TO FINANCIAL STATEMENTS

The Manitoba Milk Producers' Marketing Board
Consolidated Notes to Financial Statements
July 31, 1989

1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

The Manitoba Milk Producers' Marketing Board is responsible under the statutes of Manitoba for the control and regulation of the marketing of milk in the province.

(a) MILK POOL FUND

Selling prices — The value of milk sold to processors is determined by its final product use. The Board sets the prices charged to processors except for Class I milk which is set by the Manitoba Milk Prices Review Commission. For purposes of accountability to producers the Board credits income from processor sales to a milk pool fund.

Cost of sales — Income from processor sales in the milk pool fund referred to above is paid to the individual producers based on the quality and quantity of milk shipped.

The operation of the milk pool is accounted for in Exhibit B.

(b) PRODUCER DEDUCTION FUNDS

Operating Expenses — The Board is authorized through provincial statute to deduct fees from producer milk pool payments to cover operating expenses. Such deductions are accounted for separately in Exhibits C, D, F, G and H.

(c) BASIS OF CONSOLIDATION

The Board and its wholly owned subsidiary MFC Testing and Research Inc. are considered to be one economic entity for accounting purposes. Accordingly, these financial statements are presented on a consolidated basis. However certain transactions between the Board general fund and the subsidiary cannot be eliminated in the respective statements of operations because the Board, by government regulation, follows the fund basis of accounting. The resulting related party transactions not eliminated on consolidation are as follows:

		1989
Management fees	$	15,000
Interest		77,223
Occupancy		20,770
	$	112,993

(d) PROPERTY, BUILDING, EQUIPMENT AND RELATED DEPRECIATION

Property, building and equipment are stated at cost. Depreciation is provided for on the straight-line basis over an estimated life of five years for office equipment, ten years for laboratory equipment and thirty years for the building.

(e) INCOME TAXES

The Board's subsidiary company is a taxable Canadian corporation accounting for income taxes under the tax allocation method. The subsidiary incurred a loss in 1989 which is not certain of utilization. Accordingly the tax reductions that may result from the application of this loss have not been recognized in the accounts as explained in Note 8.

2. COMMITMENTS:

Operating leases for office equipment at base rental of $19,557 per annum at various terms until March, 1994.
Lease payments in the next 5 fiscal years are:
1990 - $15,827; 1991 - $11,277; 1992 - $12,856; 1993 - $14,655; 1994 - $9,209.

3. PENSION PLAN:

Employees of the Board participate in the Manitoba Civil Service Superannuation Board pension plan which is a defined benefit plan. The Board participates in the plan on a defined contribution basis whereby it contributes to the plan a fixed amount equal to the amount contributed by the employees.

4. ELECTED MEMBERS PER DIEM AND TRAVEL EXPENSES:

Members are paid a per diem of $146 and the Chairman $183 for time spent at meetings or on business matters of the Board. In addition, the Chairman is paid an annual stipend of $20,000.

	Per Diem	Expenses
L. Balcaen - Chairman	$ 58,559	$ 22,331
C. Finnie - Vice Chairman	13,778	9,627
J. van den Ham, Executive Member	14,355	8,090
R. Dueck	10,195	4,096
A. Ens	7,733	5,583
A. Goresky	8,355	2,884
A. V. Rampton	18,466	12,960
C. J. Knockaert	13,798	9,543
N. Van Ryssel	10,321	7,296
N. Andrews	1,490	937
	$ 157,050	$ 83,347
1988	$ 141,766	$ 96,559

5. SUBSIDIARY COMPANY:

On May 12, 1988 a wholly-owned subsidiary company, MFC Testing and Research Inc. was incorporated by the Board to carry on component testing of milk. The subsidiary commenced operations in 1989.

6. LITIGATION:

The Board has concluded and dismissed its actions as the plaintiff in a lawsuit in exchange for future government assistance to benefit the dairy industry generally. The government assistance has an estimated monetary value of $2,254,000 (Note 7).

Producers who retired in the period from January 1, 1980 to March 1, 1989, and who will not benefit from the government assistance have been compensated by payments totalling $490,265.

7. GOVERNMENT ASSISTANCE:

Relative to the matter referred to in Note 6 above, the amount of government assistance received by the Board in 1989 was $174,852. This amount has been applied to reduce related operating costs of the Board. The government assistance is in the form of grants conditional on the expenditure of funds by the Board on specified matters.

8. INCOME TAXES:

MFC Testing and Research Inc. is a taxable Canadian corporation. The potential income tax benefits associated with its 1989 operating loss of $276,037 are not recognized in the accounts because of the uncertainty of utilization. The loss is available to reduce taxable income of future years but its availability will expire after 1996.

9. COMPARATIVE FIGURES:

Certain of the 1988 comparative figures have been reclassified to conform with the current year's presentation.

EXTRACTS FROM THE MANITOBA GAZETTE

THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Milk Over-Marketing Penalty Levies Regulation*

Regulation 180/89
Registered July 19, 1989

Definitions

1. In this regulation,

"deemed number of production days" of a producer for a calendar month means a number assigned to that producer for that calendar month by the Board representing the number of days of milk production deemed by the Board to have been marketed by that producer during that calendar month;

"eligible percentage" for a calendar month means the percentage of milk marketed by this Board during that calendar month which the Board estimates has been used for manufacturing purposes during that calendar month and which is eligible for a subsidy payment under programs operated by the Canadian Dairy Commission;

"monthly permitted quantity" of a registered producer for a calendar month means a quantity of milk, expressed in litres of milk, determined by multiplying the total allowable production quota allotted to that producer by this Board firstly by the deemed number of production days of that producer for that month, and secondly by the eligible percentage for that month.

Penalty re marketing in excess of monthly permitted quantity

2 A levy is imposed on every registered producer of $26.00 per hectolitre of milk marketed by him in any calendar month in excess of the monthly permitted quantity of that producer for that calendar month.

Penalty re marketing without T.A.P.

3 A levy is imposed on every person who markets milk produced in Manitoba and who has not been allotted a total allowable production quota by this Board of $26.00 per hectolitre of milk marketed by him in any calendar month.

*This regulation is made under The Manitoba Milk Producers' Marketing Plan Regulation, Manitoba Regulation 247/87 R and is Regulation 4/89 of The Manitoba Milk Producers' Marketing Board

Payment of levies

4 The levies imposed under this regulation during a calendar month shall be due and shall be paid to this Board at its office, 36 Scurfield Boulevard, Winnipeg, Manitoba, by the person marketing such milk within 20 days after the end of that month, and may be deducted as a first charge against the moneys which this Board receives from the sale of any milk marketed by a person to this Board.

June 8, 1989

THE MANITOBA MILK PRODUCERS' MARKETING BOARD:

Louis Balcaen
Chairman

R. L. Seekings
Secretary

APPROVED
June 10, 1989

THE MANITOBA NATURAL PRODUCTS MARKETING COUNCIL:

Howard Motherall
Chairman

Gordon H. MacKenzie
Secretary

The Queen's Printer for the Province of Manitoba

THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Milk Marketing Quota Order, amendment*

Regulation 146/89
Registered June 12, 1989

Subsection 7(8) of Schedule A amended

1 Subsection 7(8) of Schedule A to Order 2/85 of the Board, being Manitoba Regulation 247/85, is amended by deleting the words "three (3) years" in the second line thereof and substituting the words "five (5) years".

May 5, 1989

THE MANITOBA MILK PRODUCERS' MARKETING BOARD:

Louis Balcaen
Chairman

R. L. Seekings
Secretary

APPROVED
June 9, 1989

THE MANITOBA NATURAL PRODUCTS MARKETING COUNCIL:

Howard Motheral
Chairman

Gordon H. MacKenzie
Secretary

*This regulation is made under The Manitoba Milk Producers' Marketing Plan Regulation, Manitoba Regulation 247/87 R and is Regulation 2/89 of The Manitoba Milk Producers' Marketing Board

The Queen's Printer for the Province of Manitoba

THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Milk Market Expansion Fee Regulation, amendment*

Regulation 147/89
Registered June 12, 1989

Section 1 amended

1. Milk Market Expansion Fee Regulation, Manitoba Regulation 580/88, is amended by striking out "62¢" and substituting therefor "74¢".

Coming into force

2 This regulation comes into force on July 1, 1989.

May 19, 1989

THE MANITOBA MILK PRODUCERS' MARKETING BOARD:

Louis Balcaen
Chairman

R. L. Seekings
Secretary

APPROVED
June 9, 1989

THE MANITOBA NATURAL PRODUCTS MARKETING COUNCIL:

Howard Motheral
Chairman

Gordon H. MacKenzie
Secretary

*This regulation is made under The Manitoba Milk Producers' Marketing Plan Regulation, Manitoba Regulation 247/87 R and is Regulation 3/89 of The Manitoba Milk Producers' Marketing Board

The Queen's Printer for the Province of Manitoba

THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Dairy Herd Improvement Program Fee Regulation*

Regulation 111/89
Registered May 3, 1989

Fee imposed

1 The fee is hereby imposed on each producer of 3¢ for each hectolitre of milk marketed by him.

Collection of fee

2 The fee imposed by this regulation shall be due and payable by the producer to this Board at the time and place of marketing the milk by the producer, and may be deducted as a first charge against the moneys which this Board receives from the sale of such milk.

Exemptions from fee

3 The fee imposed by this regulation is subject to the exemptions provided in subsection 28(2) of the Plan which presently reads as follows:

28(2) This regulation does not apply to:

(a) milk which is used by the producer of that milk for consumption or to manufacture or produce products which are consumed by that producer and his immediate family or any one of them;

(b) cream separated from milk on the farm on which the milk is produced and the cream is sold for manufacture into butter; and

(c) milk produced and processed by the University of Manitoba or the Rockwood Institution.

Coming into force

4 This regulation comes into force on April 1, 1989 or on the date it is filed with the Registrar of Regulations, whichever is later.

February 23, 1989

THE MANITOBA MILK PRODUCERS' MARKETING BOARD:

Louis Balcaen
Chairman

R. Seekings
Secretary

APPROVED
April 10, 1989

THE MANITOBA NATURAL PRODUCTS MARKETING COUNCIL:

Howard Motheral
Chairman

Gordon H. MacKenzie
Secretary

*This regulation is made under The Manitoba Milk Producers' Marketing Plan Regulation, Manitoba Regulation 247/87 R and is Regulation 1/89 of The Manitoba Milk Producers' Marketing Board

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THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Milk Marketing Quota Order, amendment*

Regulation 30/89
Registered February 6, 1989

Subsection 2(1) amended

1 Order 2/85 of the Board, being Manitoba Regulation 247/85, is amended by deleting the words "at 104-1580 Dublin Avenue, Winnipeg, Manitoba" and substituting the words "at 36 Scurfield Boulevard, Winnipeg, Manitoba R3T 3N5".

Section 19 repealed

2 Section 19 of the said Order is repealed and the following is substituted therefore:

Monthly quota exchange system

19 Quotas may be cancelled and reallocated as set out in Schedule A hereto.

Schedule A repealed

3 Schedule A of the said Order is repealed and the following is substituted therefore:

SCHEDULE A TO THE MILK MARKETING QUOTA ORDER
MONTHLY QUOTA EXCHANGE SYSTEM
Section 19

Monthly Quota Exchange System

1 Notwithstanding the terms and provisions in this Schedule, quotas are the property of the Board as stated in subsection 3(5) of this Order and any quotas allotted pursuant to the procedure set out in this Schedule may be suspended, reduced or cancelled in accordance with Part IV of this Order.

Definitions

2 In this Schedule

"buyer" means a person who in the opinion of designated Board staff complies with the following criteria

(a) has provided proof of financial responsibility,

(b) has provided proof of satisfactory milk production facilities under the Dairy Act,

(c) is located within the minimum distance of existing transportation routes as specified by the Board,

(d) has met the Board's driveway policy;

"market clearing price" ("M.C.P.") means, in any given month, that price at which the cumulative volume, in an ascending order of prices, of litres of quota offered for sale equals or most closely equals the cumulative volume, in a descending order of prices, of litres of quota bid to buy;

"monthly quota exchange" means that procedure established herein, whereby a producer offers to sell in the manner provided in this Schedule and a producer bids to buy in the manner provided in this Schedule, specific volumes of quota in litres per day at specific prices;

"quota" means Total Allowable Production Quota ("T.A.P.");

"seller" means a registered producer who has had T.A.P. allotted to him by the Board.

*This regulation is made under The Manitoba Milk Producers' Marketing Plan Regulation, Manitoba Regulation 247/87 R and is Regulation 1/89 of The Manitoba Milk Producers' Marketing Board

Monthly Quota Exchange Administration

3 The Monthly Quota Exchange will be administered by the Manitoba Milk Producers' Marketing Board. staff of the Manitoba Council may act as observers and auditors of the Monthly Quota Exchange. The Board will designate staff who will be responsible for advising registered producers, in writing, of the date of any Monthly Quota Exchange, maintaining lists of producers or prospective producers wishing to acquire quota, receiving offers to sell and bids to buy quota through the Monthly Quota Exchange, entering these bids and offers into the computer program of the Board for the operation of the Monthly Quota Exchange, operating the Monthly Quota Exchange and reporting the results to the Board. Any individual offer or bid is to be kept confidential by the designated Board staff and Manitoba Council observers and auditors and shall not be disclosed to Board members, Board staff not involved in the conduct of the Monthly Quota Exchange or any other person whatsoever.

Monthly Quota Exchange Procedures

4(1) Designated Board staff may operate a Monthly Quota Exchange on the first regular business day following the eleventh day of each calendar month. At least one buyer and one seller will be required for the operation of the Monthly Quota Exchange.

4(2) Designated Board staff will have the right to cancel or postpone for up to seven (7) days any Monthly Quota Exchange, at any time, for any reason they deem necessary.

4(3) A person wishing to participate in a Monthly Quota Exchange must submit either an Offer to Sell or a Bid to Buy in writing, either by letter or by telefax, in a form satisfactory to the Board, to the Board's head office which must be received prior to 4:00 o'clock in the afternoon of the last working day before the twelfth of the month.

4(4) Each Offer to Sell quota on a particular Monthly Quota Exchange must include the following information

(a) the amount of quota, in litres of milk per day, offered for sale;
(b) the price, to the nearest cent per litre, at which the seller is willing to sell the quota;
(c) the Monthly Quota Exchange month to which the offer applies;
(d) the name and signature of the seller; and
(e) the Producer Registration Number of the seller.

4(5) Each Bid to Buy quota on a particular Monthly Quota Exchange must include the following information

(a) the amount of quota, in litres of milk per day, to be purchased;
(b) the price, to the nearest cent per litre, at which the buyer is willing to buy the quota;
(c) the Monthly Quota Exchange month to which the bid applies;
(d) the name and signature of the buyer; and
(e) the Producer Registration Number of the buyer, where applicable.

4(6) A seller shall not be allowed to be a buyer on the same Monthly Quota Exchange.

4(7) Any Offer to Sell or Bid to Buy which is received after any deadline for submission, or any incomplete Offer to Sell or Bid to Buy, will be rejected. An Offer to Sell or Bid to Buy may be amended or withdrawn, provided such withdrawal or amendment is in writing and in the form of a letter or a telegram or a telefax and is received by the Board at its head office prior to 4:00 o'clock in the afternoon of the last working day before the twelfth day of the month in which the Monthly Quota Exchange is to be held. Such withdrawal or amendment must be clear and unambiguous and must identify the buyer or seller by name and Producer Registration Number, where applicable, and must specify the Offer to Sell or the Bid to Buy that is to be with drawn or amended.

4(8) At the time any Monthly Quota Exchange is to operate, the designated Board staff shall proceed to match as closely as possible the cumulative volume, in an ascending order of prices, of the Offers to Sell with the cumulative volume, in a descending order of prices, of the Bids to Buy. This procedure shall be known as "clearing" the Monthly Quota Exchange. The market Clearing Price (MCP), as determined by clearing the Monthly Quota Exchange, shall be both the sale and purchase price for that Monthly Quota Exchange.

4(9) Subject to subsection (10) herein, if a buyer has submitted a Bid to Buy quota at a price equal to, or higher than, the MCP, then the Bid shall be deemed successful and the buyer shall purchase the quota at the MCP. If a seller has submitted an Offer to Sell quota at a price equal to, or lower than, the MCP, then that Offer shall be deemed successful and the seller shall sell the quota at the MCP.

4(10)

(a) Upon the clearing of the Monthly Quota Exchange, if it is determined by the designated Board staff that at the MCP the cumulative volume of quota in the Bids to Buy exceeds the cumulative volume of quota in the Offers to Sell, then the designated Board staff will add to the Monthly Quota Exchange an amount of quota sufficient to balance the amount offered and the amount bid, or, in the alternative, those buyers successfully buying will be deemed to have bought, at the MCP, a percentage of their Bid to Buy, based on the ratio of Offers to Sell to Bids to Buy.

(b) Upon the clearing of the Monthly Quota Exchange, if it is determined by the designated Board staff that, at the MCP, the cumulative volume of quota in the Offers to Sell exceeds the cumulative volume in the Bids to Buy, then the designated Board staff will purchase at the MCP any excess of quota offered for sale, or, in the alternative, those sellers successfully selling will be deemed to have sold, at the MCP, a percentage of their Offer to Sell, based on the ratio of the Bids to Buy to the Offers to Sell.

4(11) Following the conduct of the Monthly Quota Exchange, the designated Board staff will report the results to the Board. The Board will review such results and if satisfied, at its sole discretion, that there have been no irregularities or deficiencies in the conduct of the Monthly Quota Exchange, the Board will approve the allotment of quotas to implement the said results. Such allotment of quotas will be effective on the first day of the month following the conduct of the Monthly Quota Exchange.

4(12) Following such Board consideration of the results, each participant in the Monthly Quota Exchange will be advised in writing whether his Offer to Sell or Bid to Buy was successful. A seller who successfully sells quota on a Monthly Quota Exchange will be paid by the Board on or before the last working day of the month of that Monthly Quota Exchange. A buyer who successfully buys quota on a Monthly Quota Exchange shall pay the Board for the quota so purchased on or before the last working day of the month of the Monthly Quota Exchange.

4(13) Failure by a buyer to pay for quota purchased in accordance with the terms herein shall entitle the designated Board staff to cancel the purchase whereupon that quota shall revert to the Board. The Board may offer to sell such quota on a future Monthly Quota Exchange. Additionally, any failure by the buyer to pay for a quota purchased in accordance with the terms herein shall entitle the Board, at its option, to prohibit that buyer from participating in any subsequent Monthly Quota Exchange.

Limits on sale and purchase of quota

5(1) An Offer to Sell quota by a seller which would result in the remaining quota allocation to that seller being reduced to a level below 300 litres of milk per day shall not be accepted by the designated Board staff. Any seller having a quota of 300 litres per day or less must offer his entire quota for sale to be eligible to sell quota on the Monthly Quota Exchange.

5(2) No buyer shall be permitted to bid to buy quota if the amount of quota bid to buy when aggregated with his present quota would exceed maximum quota.

Quota Exchange Fund

6(1) On March 1, 1989, any funds in the Quota Reallocation Fund shall be credited to a fund to be known as the Quota Exchange Fund of the Board.

6(2) All monies paid to the Board by successful buyers for the purchase of quota will be allocated to the Board's Quota Exchange Fund.

6(3) All payments by the Board to successful sellers of quota will be allocated from the Board's Quota Exchange Fund.

Transfer Assessment

7(1) Any Offer to Sell shall be deemed to be reduced by a transfer assessment equivalent to 15% of the litres offered for sale.

7(2) If a seller's Offer to Sell is accepted, in whole or in part, as provided herein, the transfer assessment shall form part of an Assessment Quota Pool.

7(3) On the first of the month following the conduct of a Monthly Quota Exchange, the Assessment Quota Pool shall be allocated by the Board as follows

(a) total of 33 1/3% for distribution, in accordance with subsection (4) herein, to registered producers who are on a waiting list for additional quota;

(b) a total of 33 1/3% for distribution, in accordance with subsection (5) herein, to those applicants who are on a waiting list to become registered producers; and

(c) a total of 33 1/3% for distribution, in accordance with subsection (6) herein, to those registered producers who are on a waiting list and who have allotted to them a T.A.P. of less than 300 litres of milk per day.

7(4) The quota available for distribution under clause (3)(a) herein will be allotted by the Board at no cost, after the conduct of any Monthly Quota Exchange, to such registered producers on the waiting list, in chronological order of priority, in an amount of 50 litres of milk per day.

7(5) The quota available for distribution under clause (3)(b) herein will be allotted by the Board at no cost, after the conduct of any Monthly Quota Exchange, to such applicants on the waiting list, in chronological order of priority, in an amount of 300 litres of milk per day.

7(6) The quota available for distribution under clause (3)(c) herein will be allotted by the Board at no cost, after the conduct of any Monthly Quota Exchange, to such registered producers on the waiting list, in equal amounts, provided that such allotment will be made in litre amounts, but not any fraction thereof, and provided that such a registered producer's existing quota combined with the amount so allotted does not exceed 300 litres of milk per day.

7(7) In the event that a registered producer who receives an allotment under clause (3)(a) becomes a seller within one (1) year of the allotment, the first 50 litres of quota, in litres of milk per day, sold by him on the Monthly Quota Exchange shall be returned to the Assessment Quota Pool as an additional assessment.

7(8) In the event that a person who receives an allotment under clause (3)(b) becomes a seller within three (3) years of the allotment, the first 300 litres of quota, in litres of milk per day, sold by him on the Monthly Quota Exchange shall be returned to the Assessment Quota Pool as an additional assessment.

Information

8 The Board will forward to each registered producer, in a form approved by the Manitoba Council, within 10 days following Board approval, the results of the Monthly Quota Exchange, including a financial statement and a waiting list update.

Effective date

4 This order comes into force on March 1, 1989.

January 26, 1989

THE MANITOBA MILK PRODUCERS' MARKETING BOARD:

Louis Balcaen
Chairman

R. L. Seekings
Secretary

APPROVED
January 27, 1989

THE MANITOBA NATURAL PRODUCTS MARKETING COUNCIL:

Howard Motheral
Chairman

Gordon H. MacKenzie
Secretary

The Queen's Printer for the Province of Manitoba

THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Milk Marketing Quota Order, amendment*

Regulation 11/89
Registered January 18, 1989

Sub-section 18.(1) amended

1 Order 2/85 of the Board, being Manitoba Regulation 247/85, as amended, is further amended by repealing the last paragraph of sub-section 18.(1) thereof and substituting therefore the following:

The purchaser of the dairy unit will be required to give the Board a written undertaking, in a form satisfactory to the Board to maintain legal and beneficial ownership of the dairy unit and to maintain continuous milk production from such dairy unit for a minimum of 2 years after final approval of the re-allocation of the quotas following the completion of registration of ownership of the dairy unit in the purchaser's name. In the event the Board has reasonable grounds for believing that such undertaking has not been adhered to by the purchaser, the Board may cancel or reduce the quotas in question.

December 28, 1988

THE MANITOBA MILK PRODUCERS' MARKETING BOARD:

Louis Balcaen
Chairman

R. Seekings
Secretary

APPROVED
January 16, 1989

THE MANITOBA NATURAL PRODUCTS MARKETING COUNCIL:

Howard Motheral
Chairman

Gordon H. MacKenzie
Secretary

*This regulation is made under The Manitoba Milk Producers' Marketing Plan Regulation, Manitoba Regulation 247/87 R and is Regulation 3/88 of The Manitoba Milk Producers' Marketing Board

The Queen's Printer for the Province of Manitoba

THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Milk Market Expansion Fee Regulation*

Regulation 580/88
Filed December 19, 1988

Fee imposed

1 A fee is imposed on each producer of 62¢ for each hectolitre of milk marketed by him.

Collection of fee

2 The fee imposed by this regulation shall be due and payable by the producer to this Board at the time and place of marketing of the milk by the producer, and may be deducted as a first charge against the moneys which this Board receives from the sale of such milk.

Exemptions from fee

3 The fee imposed by this regulation is subject to the exemptions provided in subsection 28(2) of the Plan which presently reads as follows:

28(2) This regulation does not apply to:

(a) milk which is used by the producer of that milk for consumption or to manufacture or produce products which are consumed by that producer and his immediate family or any one of them;

(b) cream separated from milk on the farm on which the milk is produced and the cream is sold for manufacture into butter; and

(c) milk produced and processed by the University of Manitoba or the Rockwood Institution.

Repeal

4 Manitoba Regulation 445/87 is repealed.

Coming into force

This regulation comes into force on January 1, 1989.

December 7, 1988

THE MANITOBA MILK PRODUCERS' MARKETING BOARD:

Louis Balcaen
Chairman

R. L. Seekings
Secretary

APPROVED
December 16, 1988

THE MANITOBA NATURAL PRODUCTS MARKETING COUNCIL:

Howard Motheral
Chairman

Gordon H. MacKenzie
Secretary

*This regulation is made under The Manitoba Milk Producers' Marketing Plan Regulation, Manitoba Regulation 247/87 R and is Regulation 2/88 of The Manitoba Milk Producers' Marketing Board

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THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Milk Quality penalty levies regulation, amendment*

Regulation 215/88
Filed May 31, 1988

Section 5.1 added

1 Milk Quality Penalty Levies Regulation, Manitoba Regulation 259/87 is amended by adding thereto, immediately following section 5 thereof, the following section:

Penalty re somatic cell count

5.1 Where in any month any milk marketed by a producer has been found, in a test conducted by the Animal Industry Branch of the Department of Agriculture (Manitoba), during that month, and during the immediately two preceeding months, to have a somatic cell count of one million somatic cells per millilitre or more, a levy of $ .50 per hectolitre is imposed on that producer in respect of all milk marketed by him in that month.

Effective date

2 This regulation comes into effect August 1, 1988.

April 28, 1988

THE MANITOBA MILK PRODUCERS' MARKETING BOARD:

Louis Balcaen
Chairman

Craig Finnie
Vice-Chairman

APPROVED
May 30, 1988

THE MANITOBA NATURAL PRODUCTS MARKETING COUNCIL:

David Gislason
Chairman

Gordon H. MacKenzie
Secretary

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M.M.P.M.B. STAFF MEMBERS

THE MANITOBA MILK PRODUCERS' MARKETING BOARD
STAFF MEMBERS

SEPTEMBER, 1989

W. J. S. Wade	General Manager
Jack F. Sinnock	Controller
R. L. Seekings	Administrative Secretary
Arthur D. Meadows	Analyst
Alan Forrest	Supervisor, Data Processing
Olga Komoski	Programmer, Data Processing
Enrique M. Magat	Audit Accountant
Marilyn Adam	Director, Market Expansion
Patricia A. McCarthy Briggs	Director, Nutrition Education
Bette-Lea Fraser	Co-ordinator, School Milk Program
Audrey J. Gale	Director, School Milk Program / Logo Marketing
Wayne R. English	Supervisor, Producer Relations
Raymond M. Rudy	Supervisor, Transportation
John R. Breckman	Dispatcher, Transportation
Karen A. Bergmann	Assistant, Producer Relations
Margaret Ramlal	Receptionist
Marion M. Burgess	Data Entry Operator (part-time)
Marci Elliott	Nutritionist (part-time)
Gail Norris	Promo Assistant, School Milk/ Logo Mktg. (part-time)
Colleen West	Promo Assistant, School Milk/ Logo Mktg. (part-time)
Bernice McLaren	Promo Assistant, Market Expansion(part-time)

Back Row (Left to Right):
Art Meadows, Jack Sinnock, James Wade, Wayne English

Front Row (Left to Right):
Karen Bergmann, Mrs. R. L. Seekings, Margaret Ramlal

Missing: Enrique Magat

Back Row (Left to Right):
Gail Norris, Colleen West, Audrey Gale,
Bette-Lea Fraser

Front Row (Left to Right):
Pat McCarthy Briggs, Marci Elliott, Marilyn Adam,
Bernice McLaren

Left to Right:
Alan Forrest, Olga Komoski, John Breckman, Raymond Rudy